

VZCZCXRO7222
RR RUEHDE RUEHDIR
DE RUEHYN #0259/01 0411153
ZNR UUUUU ZZH
R 101153Z FEB 09
FM AMEMBASSY SANAA
TO RUEHC/SECSTATE WASHDC 1165
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE
RUEATRS/DEPT OF TREASURY WASHDC
RUEAWJA/DEPT OF JUSTICE WASHDC

UNCLAS SECTION 01 OF 02 SANAA 000259

SIPDIS

DEPARTMENT FOR S/CT FOR GARY NOVIS
DEPARTMENT FOR NEA/ARP FOR ANDREW MACDONALD
DEPT OF TREASURY WASHDC FOR FINCEN FOR FINCEN FOR DANIEL
HARRIS AND YAMAM FADL
DEPT OF JUSTICE FOR ASSET FORFEITURE AND MONEY LAUNDERING
SECTION FOR ROBERT STAPLETON
FBI FOR TERRORIST FINANCE OPERATIONS SECTION FOR JILL MURPHY

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [KCRM](#) [KTFN](#) [PREL](#) [PTER](#) [SNAR](#) [YM](#)

SUBJECT: YEMEN: ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM
FINANCE ROUNDUP

REF: A. 08 SANAA 1568

[1](#)B. 07 SANAA 1425

[1](#)C. 07 SANAA 1424

[1](#)D. 07 SANAA 1423

[1](#)E. 07 SANAA 1418

[1](#)1. SUMMARY: ROYG institutions and Yemeni banks have made some progress on implementing Financial Systems Assessment Team (FSAT) and Middle East and North Africa Financial Action Task Force,s (MENAFATF) recommendations. A draft counter-terrorism finance (CTF) law remains lodged in the Finance Committee in Parliament. National Anti-Money Laundering Committee (NAMLC) members request membership in the Egmont Group for Financial Intelligence Units as well as training for anti-money laundering (AML) and CTF.

[1](#)2. On January 27, Abdo Hezam Saif, Head of the Anti-Money Laundering Information Unit (AMLIU) at the Central Bank of Yemen (CBY), told Econoff that the ROYG has made some progress in implementing the recommendations from the Financial Systems Assessment Team (FSAT) and the Middle East and North Africa Financial Action Task Force (MENAFATF) reports. Saif, who is also a member of the National Anti-Money Laundering Committee (NAMLC), indicated that the AMLIU will implement a comprehensive improvement plan in [1](#)2009. According to Saif, the AMLIU is preparing guidelines for expanding the reforms and the revamping the infrastructure of the AMLIU, and needs to improve its reporting system and procedures.

[1](#)3. According to Ahmed M. A. Al-Khawi, General Manager of the Yemen Kuwait Bank for Trade and Investment and member of the NAMLC, the NAMLC is also implementing 40 recommendations from the MENAFATF and nine special recommendations from the UN on CTF. Al-Khawi told Econoff on February 2 that the NAMLC is already in agreement with AML requirements stipulated by the Arab League. Al-Khawi said that the addition of the NAMLC supervisory committee, which is headed by the Minister of Finance, has wide executive power and has been faster in implementing reforms than was the case in the past (REF A). The NAMLC recently sent an assessment team report of activities to parliament.

CTF LAW STILL STUCK IN COMMITTEE

[1](#)4. A draft CTF law is still pending in the Finance Committee in parliament. On January 27, Wadie Assadh, Member of the Financial Intelligence Unit (FIU) at the CBY, told Econoff that the law is hampered by a lack of general awareness about

the importance of the law. Also on January 27, AMLIU Chairman Ahmed A. Ghaleb indicated that the Yemeni Lawyers Association is impeding the law. The Association objects to an article in the draft law that requires lawyers to report financial matters to ROYG intelligence units. Ghaleb also said that there will be a cabinet decree establishing a technical committee to oversee reforms as recommended by the FSAT and MENAFATF. (Note: The law is also stalled due to the approaching parliamentary elections, which are scheduled to take place in April 2009. After the election, a new committee will consider the draft law. End Note.)

EGMONT GROUP MEMBERSHIP REQUESTED

15. Yemen is currently not a member of the Egmont Group, an informal, international grouping of Financial Intelligence Units (FIU), although it has a FIU based out of the CBY. Assadh indicated that ROYG desires membership in the Egmont Group, so that it can more effectively exchange information amongst members. According to Assadh, in the past, Yemeni membership was supported by Egypt and the U.S. on separate occasions, but needs the support of two member nations simultaneously for it to be accepted. (Comment: Membership in the Egmont Group could challenge Yemen in a good way to coordinate AML and CTF efforts, particularly in the area of information sharing. Post supports Yemen's entry into the Egmont Group. End Comment.)

TRAINING STILL NEEDED

SANAA 00000259 002 OF 002

16. According to Ghaleb, Saif, and Al-Wareeth, ROYG institutions, including the AMLIU, continue to need assistance in order to effectively implement AML measures. The parts of the government mentioned by officials that need assistance are the AMLIU, the Customs Authority, the Attorney General,s/Prosecutor,s Office, and private banks. Specifically, Saif said that the AMLIU needs equipment, training, and reorganization. (Note: Although the U.S. sent three Yemeni government officials to Jordan for training in March 2008, the U.S. has not provided in-country training. End Note.)

17. The NAMLC has consulted with the UN Office for Combating Crimes as well as received some assistance from the World Bank since August 2008 to implement the reforms as recommended by UN through the FATF and the nine special recommendations on CTF. The AMLIU just finished phase one of the World Bank,s plan and is now starting on the second phase. (Note: The assistance from the World Bank is focusing on UN recommendations and does not include training or technical assistance. End Note.)

18. COMMENT: Yemen is a known recipient of and transit point for financial support for terrorism and violent extremism. Yemen has an underdeveloped system*in both the public and private sectors*for supporting AML and CTF efforts. The lack of governmental oversight and weak financial institutions are a dangerous combination. Post recommends extending training to the AMLIU and other ROYG institutions in conducting anti-money laundering investigations as according to FSAT Report recommendations (REF A). END COMMENT.
SECHE